



# ENERGY SECURITY IN APEC

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## Background

Like the International Energy Forum (IEF), Asia–Pacific Economic Cooperation (APEC) promotes dialogue among its member economies to achieve its goals and arrive at decisions on a consensus basis, giving equal weight to the views of all members. It operates as a cooperative, multilateral economic and trade forum and is the only intergovernmental grouping in the world committed to reducing barriers to trade and investment without requiring its members to enter into legally binding obligations.

Since its establishment in 1989, APEC has become an engine of economic growth and one of the most important regional forums in the Asia-Pacific. Growth has soared in the region, with real GDP increasing from US\$ 19 trillion to US\$ 42 trillion in 2015.

Energy security is one of the highest priorities of all governments in APEC in addition to economic growth and environmental protection. However, a clear definition of the energy security has not yet been set.

Most organisations define energy security as encompassing four common dimensions: availability, affordability, accessibility and acceptability (Figure 1). Availability is closely related to diversification of supply while affordability is closely related to the type of fuel chosen and price volatility. In terms of accessibility, infrastructure readiness plays an important role. Acceptability is linked to issues such as retail prices, environmental friendliness and social objectives.

In 2007, APERC published “*A Quest for Energy Security in the 21st Century*” which focused on the energy security dimensions stated above and included indicators created to

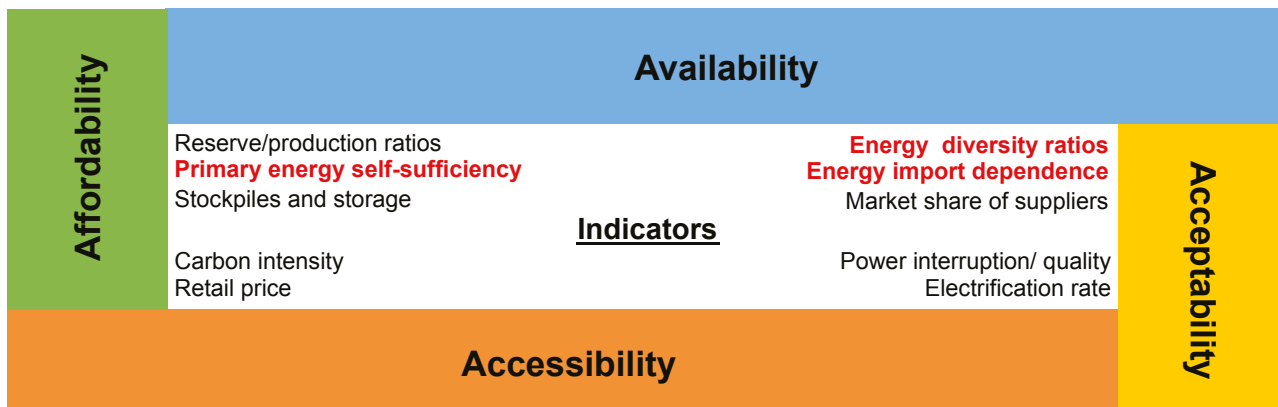
assess the situation at that time. In its 2016 outlook, APERC analysed three interrelated factors: primary energy fuel diversification, fuel input diversification for the electricity sector, and self-sufficiency of total primary energy supply (TPES). The latter assesses the level of domestic energy supply security, as measuring energy diversification alone may not provide sufficient insight. APERC’s intention in creating the indicators was to support assessment of energy security, not to judge the level of energy security for any particular economy or to compare levels of security among economies. APERC recognises that energy security is unique to each economy.

## APEC Energy Security Initiative (ESI)

In 2001, APEC Leaders endorsed the ESI in order to strengthen regional energy security, emphasising longer-term policy responses that address broad challenges facing the region’s energy supply. The initiative focused on actions that are practical in a policy context and acceptable in a political context.

Improving access to data through the Joint Organisations Data Initiative (JODI) has been a key achievement under the ESI. Recognising that the lack of transparent and reliable oil market data aggravates price volatility, the APEC Energy Ministerial Meeting (EMM) took steps to address this issue. APEC joined five other international organisations—Eurostat, the IEA, OLADE, OPEC and the UNSD—in taking up the challenge and launched the Joint Oil Data Exercise in 2001. By 2002, the effort had evolved to become JODI. More than 10 years later, it is now evident that access

Figure 1. Dimensions of energy security



Source: APERC (2007).



*APEC members share a common interest in ensuring future energy security, supporting a high quality of life for citizens.*

to timely, accurate and reliable data supports sound and informed decision making in relation to the oil market. In 2012, JODI-Gas was permanently established for greater natural gas data transparency.

By 2008, there were 13 ongoing initiatives under the APEC Energy Working Group, including JODI, the Real-Time Emergency Information Sharing initiative and a programme for energy emergency responses. In 2014, the Energy Ministerial Meeting officially recognised four elements that are vital for energy security and sustainable development. These are: diversified energy supply and stable demand, safe energy transportation routes, innovation in energy technologies and effective forums to discuss energy policy.

Volatile prices raise concerns about short-term risks to economic growth and about longer-term ability to acquire sufficient energy to support development goals. While achieving energy security will mean different things to different economies, APEC members share a strong common interest in ensuring sufficient production at reasonable costs to support sustainable use, thereby supporting a high quality of life for citizens.

Physical integration or connectivity of energy flow as a

mechanism for energy security in APEC has also been at the top of the agenda for the EMM. Several existing sub-regional power interconnections in APEC, such as the ASEAN Power Grid and North America interconnections, provide participating economies with more options for securing energy supply.

### Conclusion

Energy security remains as an important issue in APEC. To sustain the ESI, APERC conducts oil and gas security exercises (OGSE), maintains an oil and gas security network (OGSN) and undertakes oil and gas security studies.

The OGSE aims to prepare member economies to respond to energy emergency scenarios. The OGSN, which is organized annually, provides a venue for sharing experiences on energy security measures among member economies. Oil and gas security studies provide the necessary analytical support to both OGSE and OGSN. ■

<sup>1</sup> APEC (Asia-Pacific Economic Cooperation) (2018), *How APEC Operates*, <http://apec.org/About-Us/How-APEC-Operates>

<sup>2</sup> APEC (2018), *How Has the Region Benefited?*, <http://apec.org/About-Us/About-APEC/Achievements-and-Benefits>